

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

<b>IN THE MATTER OF THE FILING BY )</b>	<b>)</b>	<b>ORDER APPROVING</b>
<b>MIDAMERICAN ENERGY COMPANY FOR )</b>	<b>)</b>	<b>REFUND PLAN FOR 2001</b>
<b>APPROVAL OF A REFUND PLAN FOR 2001 )</b>	<b>)</b>	<b>DISTRIBUTION OF KANSAS</b>
<b>DISTRIBUTION OF KANSAS AD VALOREM )</b>	<b>)</b>	<b>AD VALOREM TAX REFUND</b>
<b>TAX REFUND )</b>	<b>)</b>	<b>NG01-003</b>

On June 18, 1998, MidAmerican Energy Company (MidAmerican) filed for approval of a waiver of refund plan relating to Kansas ad valorem tax refunds received from Northern Natural Gas Company (Northern) with the South Dakota Public Utilities Commission (Commission). As of that date, MidAmerican had received \$4,450,770.55 in total Kansas ad valorem tax refunds from Northern. These refunds are being made pursuant to the FERC's Order in Docket No. RP97-369-000. MidAmerican requested that the Commission permit retention of the refund amount received from Northern until such time as MidAmerican determines that the amount received constitutes a final refund. At such time, MidAmerican would file a refund plan and calculate accrued interest on the refund amounts at the rate of 9.429%.

On June 30, 1998, at its duly noticed meeting, the Commission considered this application and directed MidAmerican to file a specific refund plan. On July 9, 1998, MidAmerican filed a further request that the refund be retained by MidAmerican until MidAmerican determined the final refund or, alternatively, for one year at which time they will update the plan.

On July 23, 1998, the Commission considered MidAmerican's request allowing MidAmerican to defer the refund until MidAmerican determines whether the amount received constitutes a final refund or for a maximum of one year. Commission Staff recommended that the Commission grant MidAmerican the refund deferral subject to the condition that MidAmerican initiate the refund at the time it considers the FERC's and possibly the appellate court's decision final or at the maximum for a period of one year, at which time MidAmerican would update its refund plan. On August 5, 1998, the Commission ordered the deferral be approved.

On July 16, 1999, MidAmerican filed for another deferral of the refund amounts and that MidAmerican continue to retain them until "MidAmerican is under no possible obligation to return all or a portion of the refund, or, for one year, whichever is earlier." Commission Staff recommended that such a deferral be granted, and on August 17, 1999, at a regularly scheduled meeting, the Commission approved the deferral with the following conditions:

1. Effective May 1, 1999, the accrued interest on the money subject to refund shall be calculated on the basis of the Commission's order in general rate case Docket No. NG98-011 which set MidAmerican's authorized overall rate of return of 8.61%.
2. Interest calculations in the refund plan are to be based on the applicable overall

rate of return allowed in the most current gas rate case, as modified from time to time during the refund deferral period.

On July 17, 2000, MidAmerican again asked for a deferral due to the continuing uncertainty surrounding the status of the Kansas refund. At a regularly scheduled meeting of August 9, 2000, the Commission found that the refund deferral was just and reasonable and granted the deferral. On September 6, 2000, MidAmerican filed a Refund Plan for 2001 Distribution of Kansas Ad Valorem Tax Refund. According to the application, MidAmerican planned to refund to sales and transportation customers. MidAmerican further proposed that due to the possibility that it may have to return a portion of the refund amount received from Northern, once the issue is decided by the Federal Energy Regulatory Commission or the courts, that it be allowed to collect back from customers amounts over refunded, if any.

At its regularly scheduled September 26, 2000, meeting, the Commission considered this matter. The Commission ordered that the Refund Plan for 2000 Distribution of Kansas Ad Valorem Tax Refund should be granted as to sales customers only. It further ordered that in the event MidAmerican was required to return a portion of the current refund to Northern that it be allowed to do so after providing documentation of the amount to the Commission. Likewise, if MidAmerican received refunds in addition to those amounts returned to customers upon resolution of this issue, that MidAmerican make further refunds after providing documentation to the Commission.

On January 29, 2001, the Commission received an application from MidAmerican to refund amounts received from Northern as a result of final resolution of Kansas Ad Valorem Tax proceedings. On December 27, 2000, the Federal Energy Regulatory Commission issued an order approving a settlement between the parties relating to excessive prices paid for natural gas which included Kansas Ad Valorem taxes. As a result of the Order, final distribution of the refund by Northern was expected by February 10, 2001, and MidAmerican wished to make the refund available to customers through its purchased gas adjustment in the month of March.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically, 49-34A-2, 49-34A-6, 49-34A-8, 49-34A-10, and 49-34A-25. Further, the Commission voted to approve the refund plan to sales customers only. It is therefore

ORDERED, that the Refund Plan for 2001 Distribution of Kansas Ad Valorem Tax Refund is hereby granted as to sales customers only and it is to be reflected in the March 2001 PGA.

Dated at Pierre, South Dakota, this 28th day of February, 2001.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: \_\_\_\_\_

Date: \_\_\_\_\_

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

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JAMES A. BURG, Chairman

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PAM NELSON, Commissioner